

**BEFORE THE
STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

In the Matter of:)	Docket 03-CRS-01
Proposed Rulemaking Pertaining to)	
Data Collection for Qualified Departing)	
Load CRS Exemptions)	
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**COMMENTS OF NESTLÉ WATERS NORTH AMERICA INC.
ON
COST RESPONSIBILITY SURCHARGE
EXEMPTION REQUEST FORM**

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Inc.

November 20, 2003

**BEFORE THE
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AND DEVELOPMENT COMMISSION**

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On October 22, 2003 the California Energy Commission (Commission) adopted a set of regulations governing the process for determining which departing load customers are eligible for an exemption from certain Cost Responsibility Surcharges (CRS). In a related matter, Section 1395.2 of the draft regulations calls for the Energy Commission to develop, with assistance from the investor-owned utilities (IOUs) and interested stakeholders, a CRS Exemption Request Form (Form). A draft of that Form was released for comment by the Commission on November 10, 2003.

Nestlé Waters North America Inc. (Nestlé Waters) actively participated in 03-CRS-01, providing written comments on draft versions of the Form, Express Terms as well as participating in the various workshops. Commission Staff and members of the Renewables Committee have worked diligently to balance the need for establishing the departing load CRS exemption queue in a timely fashion with the expressed needs of the investor-owned utilities and interveners. The November 10, 2003 draft of the departing load CRS

Exemption Form reflects this balancing attempt and is clearly a product of a wide-ranging stakeholder process.

Nestlé Waters notes one continued ambiguity in terms used in the draft Form that could result in unnecessary difficulty in implementation of the departing load CRS Exemption queue. The Draft Form continues to focus on definition and reporting of “customer generation.” The exemption from CRS, which the commission process is intended to track, is for *departing load* resulting from customer self-generation, **not** customer generation in and of itself. While in most circumstances these two are the same, it is possible that they may not be. As one example, consider a customer who installs a cogeneration unit with a nameplate capacity of 3 MW, but at this time can only use an average 2 MW of that capacity. The load that has departed the utility system is only 2 MW on average, even though the customer’s generation capacity is 3 MW. In this case the CRS DL Exemption queue should be debited 2 MW (the departed load) and not 3 MW (the installed capacity). To do otherwise would be to over-estimate the departing load in the CRS DL Exemption queue.

A second example might be a customer who installs a 2 MW backup generator in addition to a 2 MW cogeneration facility. The cogeneration facility will be fully used to displace load that otherwise would be served by the host utility. The 2 MW backup generator would be used only when the cogeneration facility and/or utility service is not available. Clearly the departing load is 2 MW. Nonetheless, if the departing load is equated to the installed “customer generation” of 4 MW the recording of departing load in the

Commission's managed exemption queue would again be based on an over-estimate of the actual departing load.

These are only two simple examples of the problem. To address this issue, Nestlé Waters suggests that the draft Form be modified to clarify that it is the amount of departing load that has departed utility service that is being recorded and tracked, not the amount of new generating capacity a customer might install.

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Respectfully submitted,

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